

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE APRIL 27, 2016

AMENDED IN SENATE APRIL 12, 2016

AMENDED IN SENATE MARCH 29, 2016

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**SENATE BILL**

**No. 1222**

**Introduced by Senator Hertzberg**

February 18, 2016

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An act to amend Section 830.11 of the Penal Code, ~~to add Section 25229 to, and to repeal Section 25403 of, of~~ the Public Resources Code, and to amend Sections 308.5, 309.7, 353.13, 353.15, 365.1, 454.1, 454.55, 454.56, 740.5, 846, 910.4, 913.2, 914.3, 918.1, 956, 958.5, 1046, 2870, 2872.5, 2892.1, 5371.4, 5381.5, and 7661 of, to amend and renumber Sections 913.4, 913.5, 913.7, ~~913.12~~, and 5436 of, to amend, renumber, and add Section 913.10 of, ~~to add Section 380.3 to, to amend, renumber, add, and repeal Section 913.12 of,~~ to repeal Sections 318, 350, 747.5, 910.5, 910.6, 913.3, 913.6, 913.13, 918.2, 2714.5, 2827.3, 2845, 2867.1, 3346, and 3368 of, *and to repeal and add Sections 913.8 and 913.11 of, and to repeal, add, and repeal Section 913.9 of,* the Public Utilities Code, relating to the Public Utilities Commission.

LEGISLATIVE COUNSEL'S DIGEST

SB 1222, as amended, Hertzberg. Public Utilities Commission: reports: financing orders.

The California Constitution establishes the Public Utilities Commission (PUC), with jurisdiction over all public utilities. The California Constitution grants the PUC certain general powers over all public utilities, subject to control by the Legislature, and authorizes the Legislature to confer additional authority and jurisdiction upon the PUC that is cognate and germane to the regulation of public utilities. Existing law requires the PUC to submit various reports to the Legislature, legislative committees, and the Governor, as specified.

This bill would change the date by which the PUC must submit specified reports, change the contents of specified reports, renumber various codified reporting provisions, reassign to the State Energy Resources Conservation and Development Commission (Energy Commission) the PUC's duty to prepare a specified report, and repeal the provisions requiring the PUC to submit specified reports. The bill would repeal a reporting requirement of electrical corporations and the PUC with respect to the 21st Century Energy System Decision, as defined. The bill would repeal a requirement that the PUC conduct a zero-based budget for all of its programs by January 10, 2015.

Existing law also requires the Legislative Counsel to annually prepare, publish, and maintain an electronic list of all reports that state and local agencies are required or requested by law to prepare and file with the Governor or the Legislature, or both, in the future or within the preceding year.

This bill would require the Legislative Counsel to revise the list by deleting specified reports from the list.

Existing law requires the Energy Commission to submit to the PUC and to any local publicly owned electric utility recommendations designed to reduce wasteful, unnecessary, or uneconomic energy consumption resulting from specified practices, including differential rate structures, cost-of-service allocations, the disallowance of a business expense of advertising or promotional activities that encourage the use of electricity, peakload pricing, and other pricing measures. Existing law requires the PUC and local publicly owned electric utilities to review and consider the recommendations of the Energy Commission and, within 6 months after the date they receive them, to report to the Governor and the Legislature their actions and reasons therefor with respect to each recommendation.

This bill would repeal these requirements.

Existing law relative to restructuring of the electrical industry authorizes an electrical corporation to apply to the commission for a

determination that certain transition costs, as defined, may be recovered through fixed transition amounts, which would constitute transition property, as defined, and provides, until December 31, 2016, for the issuance of financing orders and provides for the issuance of rate reduction bonds to be paid out of rates.

This bill would extend the authorization for the issuance of these financing orders from December 31, 2016, to June 30, 2022.

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board (state board) as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. Existing law requires the state board to report to the Governor and the Legislature by December 31, 2011, on the reduction in emissions of greenhouse gases resulting from the increase of new electrical generation that utilizes excess waste heat through combined heat and power systems and recommend policies that further the goals of the Waste Heat and Carbon Emissions Reduction Act.

This bill would repeal this reporting requirement.

This bill would also make various minor or nonsubstantive changes, including, but not limited to, shifts in the responsibilities of various divisions of the PUC.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Public Utilities Commission Accountability and Operations Act
- 3 of 2016.
- 4 SEC. 2. The Legislative Counsel shall revise the list required
- 5 by Section 10242.5 of the Government Code by deleting all of the
- 6 following Public Utilities Commission reports from the list:
- 7 (a) Description: Report on the energy efficiency and
- 8 conservation programs the commission oversees through the
- 9 California Board for Energy Efficiency
- 10 Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act
- 11 of 1999
- 12 Date Due: Beginning March 1, 2000, and by each December 1
- 13 thereafter
- 14 Recipient: Legislature

(b) Description: If the commission determines that allowing electrical corporations to purchase from multiple qualified exchanges is in the public interest, the commission shall submit its findings and recommendations

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2000.

Date Due: By June 1, 2001

Recipient: Legislature

(c) Description: Report that details the commission's backlog of audits, including audits in progress but not yet completed

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2002

Date Due: On or before September 1, 2002

Recipient: Joint Legislative Budget Committee and fiscal committees of the Legislature

(d) Description: Report that lists all audits completed, pending, and forthcoming at the commission

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2002

Date Due: On or before December 15, 2002, and annually thereafter

Recipient: Joint Legislative Budget Committee and fiscal committees of the Legislature

(e) Description: Evaluation of the progress of the state's investor owned electric utilities in complying with the Renewables Portfolio Standard pursuant to Section 387 of the Public Utilities Code

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2006

Date Due: On or before October 1, 2006, and quarterly thereafter

Recipient: Legislature

(f) Description: Report on the commission's efforts to produce a review of the High-Cost Fund-B program, an update on its proceedings, and its efforts to comply with the statutorily mandated sunset of the program

Authority: Item 8660-001-0470 of Section 2.00 of the Budget Act of 2007

Date Due: Quarterly

Recipient: Legislature

(g) Description: Establishment of a project management office within the Information Services Branch of the Management Services Division

1 Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act  
2 of 2008

3 Date Due: On or before January 10, 2010

4 Recipient: Legislature Budget and fiscal committees of the  
5 Legislature

6 (h) Description: Report on its activities related to community  
7 choice aggregation that includes detailed information on the formal  
8 procedures established by the commission in order to monitor and  
9 ensure compliance by electrical corporations with Chapter 838,  
10 Statutes of 2002

11 Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act  
12 of 2010

13 Date Due: On or before January 31, 2011, and quarterly thereafter

14 Recipient: Fiscal and policy committees of the Legislature

15 (i) Description: Report on the outcomes of the various audits  
16 that are performed by positions approved in the 2015–16 budget

17 Authority: Item 8660-001 of Section 2.00 of the Budget Act of  
18 2015 (LAO)

19 Date Due: By April 15, 2016

20 Recipient: Appropriate budget subcommittees of the Legislature

21 (j) Description: Report on the number of cases where resolution  
22 exceeded the time periods prescribed in scoping memos and the  
23 days that commissioners presided in hearings

24 Authority: Section 13 of Chapter 856 of the Statutes of 1996

25 Date Due: January 1, 1999, and annually thereafter

26 Recipient: Legislature

27 (k) Description: Cost-effectiveness criteria for programs funded  
28 in order to achieve a total reduction in peak electricity demand  
29 and to meet the needs of low-income households

30 Authority: Section 5 of Chapter 7 of the Statutes of 2001, First  
31 Extraordinary Session

32 Date Due: Within 10 days from the date of adoption of  
33 cost-effectiveness criteria

34 Recipient: Governor, Joint Legislative Budget Committee, and  
35 appropriate policy and fiscal committees of the Legislature

36 (l) Description: Changes made by Chapter 552 of the Statutes  
37 of 2008 to Sections 688.020 and 688.030 of the Code of Civil  
38 Procedure and to Section 2104 of the Public Utilities Code, as they  
39 pertain to the status of the Public Utilities Commission as a  
40 judgment creditor

1 Authority: Section 15 of Chapter 552 of the Statutes of 2008  
2 Date Due: On or before January 1, 2013  
3 Recipient: Assembly Committee on Judiciary and Senate  
4 Committee on Judiciary

5 (m) Description: Results of a study to determine who benefits  
6 from the net energy metering program and the extent to which  
7 each class of ratepayers and each region of the state receiving  
8 service under the net energy metering program is paying the full  
9 cost of the services

10 Authority: Section 2827.1 of the Public Utilities Code  
11 Date Due: Within 30 days of completion of the study  
12 Recipient: Legislature

13 (n) Description: Evaluation of information supplied by electrical  
14 corporations and gas corporations relative to their comparative  
15 energy usage disclosure programs and any action undertaken by  
16 the Public Utilities Commission in response to the evaluation

17 Authority: Section 715 of the Public Utilities Code  
18 Date Due: None  
19 Recipient: Legislature

20 SEC. 3. Section 830.11 of the Penal Code is amended to read:

21 830.11. (a) The following persons are not peace officers but  
22 may exercise the powers of arrest of a peace officer as specified  
23 in Section 836 and the power to serve warrants as specified in  
24 Sections 1523 and 1530 during the course and within the scope of  
25 their employment, if they receive a course in the exercise of those  
26 powers pursuant to Section 832. The authority and powers of the  
27 persons designated under this section shall extend to any place in  
28 the state:

29 (1) Persons employed by the Department of Business Oversight  
30 designated by the Commissioner of Business Oversight, provided  
31 that the primary duty of these persons shall be the enforcement of,  
32 and investigations relating to, the provisions of law administered  
33 by the Commissioner of Business Oversight.

34 (2) Persons employed by the Bureau of Real Estate designated  
35 by the Real Estate Commissioner, provided that the primary duty  
36 of these persons shall be the enforcement of the laws set forth in  
37 Part 1 (commencing with Section 10000) and Part 2 (commencing  
38 with Section 11000) of Division 4 of the Business and Professions  
39 Code. The Real Estate Commissioner may designate persons under  
40 this section, who at the time of their designation, are assigned to

1 the Special Investigations Unit, internally known as the Crisis  
2 Response Team.

3 (3) Persons employed by the State Lands Commission  
4 designated by the executive officer, provided that the primary duty  
5 of these persons shall be the enforcement of the law relating to the  
6 duties of the State Lands Commission.

7 (4) Persons employed as investigators of the Investigations  
8 Bureau of the Department of Insurance, who are designated by the  
9 Chief of the Investigations Bureau, provided that the primary duty  
10 of these persons shall be the enforcement of the Insurance Code  
11 and other laws relating to persons and businesses, licensed and  
12 unlicensed by the Department of Insurance, who are engaged in  
13 the business of insurance.

14 (5) Persons employed as investigators and investigator  
15 supervisors by the Public Utilities Commission, who are designated  
16 by the commission's executive director and approved by the  
17 commission, provided that the primary duty of these persons shall  
18 be the enforcement of the law as that duty is set forth in Section  
19 308.5 of the Public Utilities Code.

20 (6) (A) Persons employed by the State Board of Equalization,  
21 Investigations Division, who are designated by the board's  
22 executive director, provided that the primary duty of these persons  
23 shall be the enforcement of laws administered by the State Board  
24 of Equalization.

25 (B) Persons designated pursuant to this paragraph are not entitled  
26 to peace officer retirement benefits.

27 (7) Persons employed by the Department of Food and  
28 Agriculture and designated by the Secretary of Food and  
29 Agriculture as investigators, investigator supervisors, and  
30 investigator managers, provided that the primary duty of these  
31 persons shall be enforcement of, and investigations relating to, the  
32 Food and Agricultural Code or Division 5 (commencing with  
33 Section 12001) of the Business and Professions Code.

34 (8) The Inspector General and those employees of the Office  
35 of the Inspector General as designated by the Inspector General,  
36 provided that the primary duty of those persons shall be the  
37 enforcement of the law relating to the duties of the Office of the  
38 Inspector General.

39 (b) Notwithstanding any other provision of law, persons  
40 designated pursuant to this section may not carry firearms.

(c) Persons designated pursuant to this section shall be included as “peace officers of the state” under paragraph (2) of subdivision (c) of Section 11105 for the purpose of receiving state summary criminal history information and shall be furnished that information on the same basis as peace officers of the state designated in paragraph (2) of subdivision (c) of Section 11105.

~~SEC. 4. Section 25229 is added to the Public Resources Code, to read:~~

~~25229. The commission shall report annually on its efforts to identify electrical or gas corporation ratepayer-funded energy efficiency programs that are similar to programs that are administered by the Public Utilities Commission, the State Air Resources Board, the California Alternative Energy and Advanced Transportation Financing Authority, the California Infrastructure and Economic Development Bank, the Department of Community Services and Development, or the commission. The commission shall make recommendations to the Public Utilities Commission to revise the ratepayer-funded energy efficiency programs, as necessary, to ensure that the programs complement and do not duplicate similar programs administered by a state agency described in this section.~~

~~SEC. 5.~~

~~SEC. 4.~~ Section 25403 of the Public Resources Code is repealed.

~~SEC. 6.~~

~~SEC. 5.~~ Section 308.5 of the Public Utilities Code is amended to read:

308.5. Persons employed as investigators and investigator supervisors by the commission, who are designated by the commission’s executive director and approved by the commission, have the authority of peace officers, as specified in paragraph (5) of subdivision (a) of Section 830.11 of the Penal Code, while engaged in exercising the powers granted to or performing the duties imposed upon them in investigating the laws, orders, or regulations administered by the commission or commencing directly or indirectly any criminal prosecution arising from any investigation conducted under these laws. All persons herein referred to shall be deemed to be acting within the scope of employment with respect to all acts and matters set forth in this section.

1     ~~SEC. 7.~~

2     *SEC. 6.* Section 309.7 of the Public Utilities Code is amended  
3 to read:

4     309.7. (a) The division of the commission responsible for  
5 railroad safety shall be responsible for inspection, surveillance,  
6 and investigation of the rights-of-way, facilities, equipment, and  
7 operations of railroads and public mass transit guideways, and for  
8 enforcing state and federal laws, regulations, orders, and directives  
9 relating to transportation of persons or commodities, or both, of  
10 any nature or description by rail. The division of the commission  
11 responsible for railroad safety shall advise the commission on all  
12 matters relating to rail safety, and shall propose to the commission  
13 rules, regulations, orders, and other measures necessary to reduce  
14 the dangers caused by unsafe conditions on the railroads of the  
15 state. The delegation of enforcement responsibility to the division  
16 of the commission responsible for railroad safety shall not diminish  
17 the power of other agencies of state government to enforce laws  
18 relating to employee or environmental safety, pollution prevention,  
19 or public health and safety.

20     (b) In performing its duties, the division of the commission  
21 responsible for railroad safety shall exercise all powers of  
22 investigation granted to the commission, including rights to enter  
23 upon land or facilities, inspect books and records, and compel  
24 testimony. The commission shall employ sufficient federally  
25 certified inspectors to ensure at the time of inspection that railroad  
26 locomotives and equipment and facilities located in class I railroad  
27 yards in California are inspected not less frequently than every  
28 180 days, and all main and branch line tracks are inspected not  
29 less frequently than every 12 months. In performing its duties, the  
30 division of the commission responsible for railroad safety shall  
31 consult with representatives of railroad corporations, labor  
32 organizations representing railroad employees, and the Federal  
33 Railroad Administration.

34     (c) The general counsel shall assign to the division of the  
35 commission responsible for railroad safety the personnel and  
36 attorneys necessary to fully utilize the powers granted to the  
37 commission by any state law and by any federal law relating to  
38 rail transportation, to enforce safety laws, rules, regulations, and  
39 orders, and to collect fines and penalties resulting from the  
40 violation of any safety rule or regulation.

(d) The activities of the division of the commission responsible for railroad safety that relate to safe operation of common carriers by rail, other than those relating to grade crossing protection, shall also be supported by the fees paid by railroad corporations, if any, pursuant to Sections 421 to 424, inclusive. The activities of the division of the commission responsible for railroad safety that relate to grade crossing protection shall be supported by funds appropriated therefor from the State Highway Account in the State Transportation Fund.

~~SEC. 8.~~

*SEC. 7.* Section 318 of the Public Utilities Code is repealed.

~~SEC. 9.~~

*SEC. 8.* Section 350 of the Public Utilities Code is repealed.

~~SEC. 10.~~

*SEC. 9.* Section 353.13 of the Public Utilities Code is amended to read:

353.13. (a) The commission shall require each electrical corporation to establish new tariffs on or before January 1, 2003, for customers using distributed energy resources, including, but not limited to, those that do not meet all of the criteria described in Section 353.1. However, after January 1, 2003, distributed energy resources that meet all of the criteria described in Section 353.1 shall continue to be subject only to those tariffs in existence pursuant to Section 353.3, until June 1, 2011, except that installations that do not operate in a combined heat and power application will be subject to those tariffs in existence pursuant to Section 353.3 only until June 1, 2006. Those tariffs required pursuant to this section shall ensure that all net distribution costs incurred to serve each customer class, taking into account the actual costs and benefits of distributed energy resources, proportional to each customer class, as determined by the commission, are fully recovered only from that class. The commission shall require each electrical corporation, in establishing those rates, to ensure that customers with similar load profiles within a customer class will, to the extent practicable, be subject to the same utility rates, regardless of their use of distributed energy resources to serve onsite loads or over-the-fence transactions allowed under Sections 216 and 218. Customers with dedicated facilities shall remain responsible for their obligations regarding payment for those facilities.

1 (b) In establishing the tariffs, the commission shall consider  
2 coincident peakload, and the reliability of the onsite generation,  
3 as determined by the frequency and duration of outages, so that  
4 customers with more reliable onsite generation and those that  
5 reduce peak demand pay a lower cost-based rate.

6 ~~SEC. 11.~~

7 *SEC. 10.* Section 353.15 of the Public Utilities Code is amended  
8 to read:

9 353.15. (a) In order to evaluate the efficiency, emissions, and  
10 reliability of distributed energy resources with a capacity greater  
11 than 10 kilowatts, customers that install those resources pursuant  
12 to this article shall report to the commission, on an annual basis,  
13 all of the following information, as recorded on a monthly basis:

14 (1) Heat rate for the resource.

15 (2) Total kilowatthours produced in the peak and off-peak  
16 periods, as determined by the ISO.

17 (3) Emissions data for the resource, as required by the State Air  
18 Resources Board or the appropriate air quality management district  
19 or air pollution control district.

20 (b) The commission shall release the information submitted  
21 pursuant to subdivision (a) in a manner that does not identify the  
22 individual user of the distributed energy resource.

23 ~~SEC. 12.~~

24 *SEC. 11.* Section 365.1 of the Public Utilities Code is amended  
25 to read:

26 365.1. (a) Except as expressly authorized by this section, and  
27 subject to the limitations in subdivisions (b) and (c), the right of  
28 retail end-use customers pursuant to this chapter to acquire service  
29 from other providers is suspended until the Legislature, by statute,  
30 lifts the suspension or otherwise authorizes direct transactions. For  
31 purposes of this section, “other provider” means any person,  
32 corporation, or other entity that is authorized to provide electric  
33 service within the service territory of an electrical corporation  
34 pursuant to this chapter, and includes an aggregator, broker, or  
35 marketer, as defined in Section 331, and an electric service  
36 provider, as defined in Section 218.3. “Other provider” does not  
37 include a community choice aggregator, as defined in Section  
38 331.1, and the limitations in this section do not apply to the sale  
39 of electricity by “other providers” to a community choice

1 aggregator for resale to community choice aggregation electricity  
2 consumers pursuant to Section 366.2.

3 (b) The commission shall allow individual retail nonresidential  
4 end-use customers to acquire electric service from other providers  
5 in each electrical corporation's distribution service territory, up to  
6 a maximum allowable total kilowatthours annual limit. The  
7 maximum allowable annual limit shall be established by the  
8 commission for each electrical corporation at the maximum total  
9 kilowatthours supplied by all other providers to distribution  
10 customers of that electrical corporation during any sequential  
11 12-month period between April 1, 1998, and the effective date of  
12 this section. Within six months of the effective date of this section,  
13 or by July 1, 2010, whichever is sooner, the commission shall  
14 adopt and implement a reopening schedule that commences  
15 immediately and will phase in the allowable amount of increased  
16 kilowatthours over a period of not less than three years, and not  
17 more than five years, raising the allowable limit of kilowatthours  
18 supplied by other providers in each electrical corporation's  
19 distribution service territory from the number of kilowatthours  
20 provided by other providers as of the effective date of this section,  
21 to the maximum allowable annual limit for that electrical  
22 corporation's distribution service territory. The commission shall  
23 review and, if appropriate, modify its currently effective rules  
24 governing direct transactions, but that review shall not delay the  
25 start of the phase-in schedule.

26 (c) Once the commission has authorized additional direct  
27 transactions pursuant to subdivision (b), it shall do both of the  
28 following:

29 (1) Ensure that other providers are subject to the same  
30 requirements that are applicable to the state's three largest electrical  
31 corporations under any programs or rules adopted by the  
32 commission to implement the resource adequacy provisions of  
33 Section 380, the renewables portfolio standard provisions of Article  
34 16 (commencing with Section 399.11), and the requirements for  
35 the electricity sector adopted by the State Air Resources Board  
36 pursuant to the California Global Warming Solutions Act of 2006  
37 (Division 25.5 (commencing with Section 38500) of the Health  
38 and Safety Code). This requirement applies notwithstanding any  
39 prior decision of the commission to the contrary.

1 (2) (A) Ensure that, in the event that the commission authorizes,  
2 in the situation of a contract with a third party, or orders, in the  
3 situation of utility-owned generation, an electrical corporation to  
4 obtain generation resources that the commission determines are  
5 needed to meet system or local area reliability needs for the benefit  
6 of all customers in the electrical corporation's distribution service  
7 territory, the net capacity costs of those generation resources are  
8 allocated on a fully nonbypassable basis consistent with departing  
9 load provisions as determined by the commission, to all of the  
10 following:

- 11 (i) Bundled service customers of the electrical corporation.
- 12 (ii) Customers that purchase electricity through a direct
- 13 transaction with other providers.
- 14 (iii) Customers of community choice aggregators.

15 (B) If the commission authorizes or orders an electrical  
16 corporation to obtain generation resources pursuant to subparagraph  
17 (A), the commission shall ensure that those resources meet a system  
18 or local reliability need in a manner that benefits all customers of  
19 the electrical corporation. The commission shall allocate the costs  
20 of those generation resources to ratepayers in a manner that is fair  
21 and equitable to all customers, whether they receive electric service  
22 from the electrical corporation, a community choice aggregator,  
23 or an electric service provider.

24 (C) The resource adequacy benefits of generation resources  
25 acquired by an electrical corporation pursuant to subparagraph (A)  
26 shall be allocated to all customers who pay their net capacity costs.  
27 Net capacity costs shall be determined by subtracting the energy  
28 and ancillary services value of the resource from the total costs  
29 paid by the electrical corporation pursuant to a contract with a  
30 third party or the annual revenue requirement for the resource if  
31 the electrical corporation directly owns the resource. An energy  
32 auction shall not be required as a condition for applying this  
33 allocation, but may be allowed as a means to establish the energy  
34 and ancillary services value of the resource for purposes of  
35 determining the net costs of capacity to be recovered from  
36 customers pursuant to this paragraph, and the allocation of the net  
37 capacity costs of contracts with third parties shall be allowed for  
38 the terms of those contracts.

39 (D) It is the intent of the Legislature, in enacting this paragraph,  
40 to provide additional guidance to the commission with respect to

1 the implementation of subdivision (g) of Section 380, as well as  
2 to ensure that the customers to whom the net costs and benefits of  
3 capacity are allocated are not required to pay for the cost of  
4 electricity they do not consume.

5 (d) (1) If the commission approves a centralized resource  
6 adequacy mechanism pursuant to subdivisions (h) and (i) of Section  
7 380, upon the implementation of the centralized resource adequacy  
8 mechanism the requirements of paragraph (2) of subdivision (c)  
9 shall be suspended. If the commission later orders that electrical  
10 corporations cease procuring capacity through a centralized  
11 resource adequacy mechanism, the requirements of paragraph (2)  
12 of subdivision (c) shall again apply.

13 (2) If the use of a centralized resource adequacy mechanism is  
14 authorized by the commission and has been implemented as set  
15 forth in paragraph (1), the net capacity costs of generation resources  
16 that the commission determines are required to meet urgent system  
17 or urgent local grid reliability needs, and that the commission  
18 authorizes to be procured outside of the Section 380 or Section  
19 454.5 processes, shall be recovered according to the provisions of  
20 paragraph (2) of subdivision (c).

21 (3) Nothing in this subdivision supplants the resource adequacy  
22 requirements of Section 380 or the resource procurement  
23 procedures established in Section 454.5.

24 ~~SEC. 13. Section 380.3 is added to the Public Utilities Code,~~  
25 ~~to read:~~

26 ~~380.3. The commission shall consider the Energy~~  
27 ~~Commission's recommendations made pursuant to Section 25229~~  
28 ~~of the Public Resources Code in determining whether to revise its~~  
29 ~~ratepayer-funded energy efficiency programs.~~

30 ~~SEC. 14.~~

31 *SEC. 12.* Section 454.1 of the Public Utilities Code is amended  
32 to read:

33 454.1. (a) Except as provided in subdivision (b), if a customer  
34 with a maximum peak electrical demand in excess of 20 kilowatts  
35 located or planning to locate within the service territory of an  
36 electrical corporation receives a bona fide offer for electric service  
37 from an irrigation district at rates less than the electrical  
38 corporation's tariffed rates, the electrical corporation may discount  
39 its noncommodity rates, but may not discount its noncommodity  
40 rates below its distribution marginal cost of serving that customer.

1 For purposes of this subdivision, the costs of the electric  
2 commodity shall be excluded from both the irrigation district and  
3 electric corporation's rates. The electrical corporation may recover  
4 any difference between its tariffed and discounted service from its  
5 remaining customers, allocated as determined by the commission.  
6 However, the reallocation may not increase rates to its remaining  
7 customers by any greater amount than the rates would be increased  
8 if the customer had taken electric distribution service from the  
9 irrigation district and the irrigation district had paid the charge  
10 established in subdivision (e) of Section 9607. Further, there shall  
11 be a firewall preventing the reallocation of such differences  
12 resulting from discounting to residential customers or to  
13 commercial customers with maximum peak demands not in excess  
14 of 20 kilowatts.

15 (b) Subdivision (a) does not apply to a cumulative 75 megawatts  
16 of load served by the Merced Irrigation District, determined as  
17 follows:

18 (1) The load is located within the boundaries of Merced  
19 Irrigation District, as those boundaries existed on December 20,  
20 1995, together with the territory of Castle Air Force Base which  
21 was located outside the district on that date.

22 (2) For purposes of this section, a megawatt of load shall be  
23 calculated in accordance with the methodology established by the  
24 Energy Commission in its Docket No. 96-IRR-1890.

25 (c) Subdivision (a) applies to the load of customers that move  
26 to the areas described in paragraph (1) of subdivision (b) after  
27 December 31, 2000, and such load shall be excluded from the  
28 calculation of the 75 megawatts in subdivision (b).

29 (d) If an electrical corporation seeks to apply the discounts  
30 permitted under subdivision (a) within the geographic area  
31 described in subdivision (b) of Section 9610, the electrical  
32 corporation's resulting rate for distribution service may not be less  
33 than 120 percent of the electrical corporation's marginal  
34 distribution cost of serving that customer.

35 ~~SEC. 15.~~

36 *SEC. 13.* Section 454.55 of the Public Utilities Code is amended  
37 to read:

38 454.55. (a) (1) The commission, in consultation with the  
39 Energy Commission, shall identify all potentially achievable  
40 cost-effective electricity efficiency savings and establish efficiency

1 targets for an electrical corporation to achieve, pursuant to Section  
2 454.5, consistent with the targets established pursuant to  
3 subdivision (c) of Section 25310 of the Public Resources Code.

4 (2) By July 1, 2018, and every four years thereafter, each  
5 electrical corporation shall report on its progress toward achieving  
6 the targets established pursuant to subdivision (a).

7 (b) (1) By December 31, 2023, the commission shall, in a new  
8 or existing proceeding, undertake a comprehensive review of the  
9 feasibility, costs, barriers, and benefits of achieving a cumulative  
10 doubling of energy efficiency savings and demand reduction by  
11 2030 pursuant to subdivision (c) of Section 25310 of the Public  
12 Resources Code.

13 (2) Notwithstanding subdivision (c) of Section 25310 of the  
14 Public Resources Code, if the commission concludes the targets  
15 established for electrical corporations to achieve pursuant to  
16 subdivision (a) are not cost effective, feasible, or pose potential  
17 adverse impacts to public health and safety, the commission shall  
18 revise the targets to the level that optimizes the amount of energy  
19 efficiency savings and demand reduction and shall modify, revise,  
20 or update its policies as needed to address barriers preventing  
21 achievement of those targets.

22 ~~SEC. 16.~~

23 *SEC. 14.* Section 454.56 of the Public Utilities Code is amended  
24 to read:

25 454.56. (a) The commission, in consultation with the Energy  
26 Commission, shall identify all potentially achievable cost-effective  
27 natural gas efficiency savings and establish efficiency targets for  
28 the gas corporation to achieve, consistent with the targets  
29 established pursuant to subdivision (c) of Section 25310 of the  
30 Public Resources Code.

31 (b) A gas corporation shall first meet its unmet resource needs  
32 through all available natural gas efficiency and demand reduction  
33 resources that are cost effective, reliable, and feasible.

34 (c) By July 1, 2018, and every four years thereafter, each gas  
35 corporation shall report on its progress toward achieving the targets  
36 established pursuant to subdivision (a).

37 (d) Notwithstanding subdivision (c) of Section 25310 of the  
38 Public Resources Code, if the commission concludes in its review  
39 pursuant to paragraph (1) of subdivision (b) of Section 454.55 that  
40 the targets established for gas corporations to achieve pursuant to

subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that maximizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

~~SEC. 17.~~

*SEC. 15.* Section 740.5 of the Public Utilities Code is amended to read:

740.5. (a) For purposes of this section, “21st Century Energy System Decision” means commission Decision 12-12-031 (December 20, 2012), Decision Granting Authority to Enter Into a Research and Development Agreement with Lawrence Livermore National Laboratory for 21st Century Energy Systems and for costs up to one hundred fifty-two million one hundred ninety thousand dollars (\$152,190,000) or any subsequent decision in Application 11-07-008 (July 18, 2011), Application of Pacific Gas and Electric Company (U39M), San Diego Gas and Electric Company (U902E), and Southern California Edison Company (U338E) for Authority to Increase Electric Rates and Charges to Recover Costs of Research and Development Agreement with Lawrence Livermore National Laboratory for 21st Century Energy Systems.

(b) In implementing the 21st Century Energy System Decision, the commission shall not authorize recovery from ratepayers of any expense for research and development projects that are not for purposes of cyber security and grid integration. Total funding for research and development projects for purposes of cyber security and grid integration pursuant to the 21st Century Energy System Decision shall not exceed thirty-five million dollars (\$35,000,000). All cyber security and grid integration research and development projects shall be concluded by the fifth anniversary of their start date.

(c) The commission shall not approve for recovery from ratepayers those program management expenditures proposed, commencing with page seven, in the joint advice letter filed by the state’s three largest electrical corporations, Advice 3379-G/4215-E (Pacific Gas and Electric Company), Advice 2887-E (Southern California Edison Company), and Advice 2473-E (San Diego Gas and Electric Company), dated April 19, 2013.

1 Project managers for the 21st Century Energy System Decision  
2 shall be limited to three representatives, one representative each  
3 from Pacific Gas and Electric Company, Southern California  
4 Edison Company, and San Diego Gas and Electric Company.

5 (d) The commission shall require the Lawrence Livermore  
6 National Laboratory, as a condition for entering into any contract  
7 pursuant to the 21st Century Energy System Decision, and Pacific  
8 Gas and Electric Company, Southern California Edison Company,  
9 and San Diego Gas and Electric Company to ensure that research  
10 parameters reflect a new contribution to cyber security and that  
11 there not be a duplication of research being done by other private  
12 and governmental entities.

13 ~~SEC. 18.~~

14 *SEC. 16.* Section 747.5 of the Public Utilities Code is repealed.

15 ~~SEC. 19.~~

16 *SEC. 17.* Section 846 of the Public Utilities Code is amended  
17 to read:

18 846. The authority of the commission to issue financing orders  
19 pursuant to Section 841 shall expire on June 30, 2022. The  
20 expiration of the authority shall have no effect upon financing  
21 orders adopted by the commission pursuant to this article or any  
22 transition property arising therefrom, or upon the charges  
23 authorized to be levied thereunder, or the rights, interests, and  
24 obligations of the electrical corporation or a financing entity or  
25 holders of transition bonds pursuant to the financing order, or the  
26 authority of the commission to monitor, supervise, or take further  
27 action with respect to the order in accordance with the terms of  
28 this article and of the order.

29 ~~SEC. 20.~~

30 *SEC. 18.* Section 910.4 of the Public Utilities Code is amended  
31 to read:

32 910.4. By February 1 of each year, the commission shall report  
33 to the Joint Legislative Budget Committee and appropriate fiscal  
34 and policy committees of the Legislature, on all sources and  
35 amounts of funding and actual and proposed expenditures, both  
36 in the two prior fiscal years and for the proposed fiscal year,  
37 including any costs to ratepayers, related to both of the following:

38 (a) Entities or programs established by the commission by order,  
39 decision, motion, settlement, or other action, including, but not  
40 limited to, the California Clean Energy Fund, the California

Emerging Technology Fund, and the Pacific Forest and Watershed Lands Stewardship Council. The report shall contain descriptions of relevant issues, including, but not limited to, all of the following:

(1) Any governance structure established for an entity or program.

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

(5) The public process and oversight governing the entity or program's activities.

(b) Entities or programs established by the commission, other than those expressly authorized by statute, under the following sections:

(1) Section 379.6.

(2) Section 399.8.

(3) Section 739.1.

(4) Section 2790.

(5) Section 2851.

~~SEC. 21.~~

*SEC. 19.* Section 910.5 of the Public Utilities Code is repealed.

~~SEC. 22.~~

*SEC. 20.* Section 910.6 of the Public Utilities Code is repealed.

~~SEC. 23.~~

*SEC. 21.* Section 913.2 of the Public Utilities Code is amended to read:

913.2. By February 1 of each year, the commission shall report to the Governor and the Legislature on the commission's recommendations for a smart grid, the plans and deployment of smart grid technologies by the state's electrical corporations, and the costs and benefits to ratepayers.

~~SEC. 24.~~

*SEC. 22.* Section 913.3 of the Public Utilities Code is repealed.

~~SEC. 25.~~

*SEC. 23.* Section 913.4 of the Public Utilities Code is amended and renumbered to read:

1     913.3. (a) Notwithstanding subdivision (g) of Section 454.5  
2 and Section 583, no later than May 1 of each year, the commission  
3 shall release to the Legislature for the preceding calendar year the  
4 costs of all electricity procurement contracts for eligible renewable  
5 energy resources, including unbundled renewable energy credits,  
6 and all costs for utility-owned generation approved by the  
7 commission.

8     (1) For power purchase contracts, the commission shall release  
9 costs in an aggregated form categorized according to the year the  
10 procurement transaction was approved by the commission, the  
11 eligible renewable energy resource type, including bundled  
12 renewable energy credits, the average executed contract price, and  
13 average actual recorded costs for each kilowatthour of production.  
14 Within each renewable energy resource type, the commission shall  
15 provide aggregated costs for different project size thresholds.

16     (2) For each utility-owned renewable generation project, the  
17 commission shall release the costs forecast by the electrical  
18 corporation at the time of initial approval and the actual recorded  
19 costs for each kilowatthour of production during the preceding  
20 calendar year.

21     (b) The commission shall report all electrical corporation  
22 revenue requirement increases associated with meeting the  
23 renewables portfolio standard, as defined in Section 399.12,  
24 including direct procurement costs for eligible renewable energy  
25 resources and renewable energy credits.

26     (c) The commission shall report all cost savings experienced,  
27 or costs avoided, by electrical corporations as a result of meeting  
28 the renewables portfolio standard.

29     (d) This section does not require the release of the terms of any  
30 individual electricity procurement contracts for eligible renewable  
31 energy resources, including unbundled renewable energy credits,  
32 approved by the commission. The commission shall aggregate  
33 data to the extent required to ensure protection of the confidentiality  
34 of individual contract costs even if this aggregation requires  
35 grouping contracts of different energy resource type. The  
36 commission shall not be required to release the data in any year  
37 when there are fewer than three contracts approved.

38     ~~SEC. 26:~~

39     *SEC. 24.* Section 913.5 of the Public Utilities Code is amended  
40 and renumbered to read:

1     913.4. In order to evaluate the progress of the state's electrical  
2 corporations in complying with the California Renewables Portfolio  
3 Standard Program (Article 16 (commencing with Section 399.11)  
4 of Chapter 2.3), the commission shall report to the Legislature no  
5 later than November 1 of each year on all of the following:

6     (a) The progress and status of procurement activities by each  
7 retail seller pursuant to the California Renewables Portfolio  
8 Standard Program.

9     (b) For each electrical corporation, an implementation schedule  
10 to achieve the renewables portfolio standard procurement  
11 requirements, including all substantive actions that have been taken  
12 or will be taken to achieve the program procurement requirements.

13     (c) The projected ability of each electrical corporation to meet  
14 the renewables portfolio standard procurement requirements under  
15 the cost limitations in subdivisions (c) and (d) of Section 399.15  
16 and any recommendations for revisions of those cost limitations.

17     (d) Any renewable energy procurement plan approved by the  
18 commission pursuant to Section 399.13, schedule, and status report  
19 for all substantive procurement, transmission development, and  
20 other activities that the commission has approved to be undertaken  
21 by an electrical corporation to achieve the procurement  
22 requirements of the renewables portfolio standard.

23     (e) Any barriers to, and policy recommendations for, achieving  
24 the renewables portfolio standard pursuant to the California  
25 Renewables Portfolio Standard Program.

26     (f) The efforts each electrical corporation is taking to recruit  
27 and train employees to ensure an adequately trained and available  
28 workforce, including the number of new employees hired by the  
29 electrical corporation for purposes of implementing the  
30 requirements of Article 16 (commencing with Section 399.11) of  
31 Chapter 2.3, the goals adopted by the electrical corporation for  
32 increasing women, minority, and disabled veterans trained or hired  
33 for purposes of implementing the requirements of Article 16  
34 (commencing with Section 399.11) of Chapter 2.3, and, to the  
35 extent information is available, the number of new employees  
36 hired and the number of women, minority, and disabled veterans  
37 trained or hired by persons or corporations owning or operating  
38 eligible renewable energy resources under contract with an  
39 electrical corporation. This subdivision does not provide the

1 commission with authority to engage in, regulate, or expand its  
2 authority to include, workforce recruitment or training.

3 ~~SEC. 27.~~

4 ~~SEC. 25.~~ Section 913.6 of the Public Utilities Code is repealed.

5 ~~SEC. 28.~~

6 ~~SEC. 26.~~ Section 913.7 of the Public Utilities Code is amended  
7 and renumbered to read:

8 913.5. The commission shall submit a report to the Legislature  
9 by July 15, 2009, and triennially thereafter, on the energy efficiency  
10 and conservation programs it oversees. The report shall include  
11 information regarding authorized utility budgets and expenditures  
12 and projected and actual energy savings over the program cycle.

13 ~~SEC. 29.~~

14 ~~SEC. 27.~~ Section 913.8 of the Public Utilities Code is repealed.

15 ~~SEC. 30.~~

16 ~~SEC. 28.~~ Section 913.8 is added to the Public Utilities Code,  
17 to read:

18 913.8. On or before July 30, 2020, and by July 30 of every  
19 third year thereafter through 2029, the commission shall submit  
20 to the Legislature an assessment of the Multifamily Affordable  
21 Housing Solar Roofs Program. That assessment shall include the  
22 number of qualified multifamily affordable housing property sites  
23 that have a qualifying solar energy system for which an award was  
24 made pursuant to Chapter 9.5 (commencing with Section 2870)  
25 of Part 2 and the dollar value of the award, the electrical generating  
26 capacity of the qualifying renewable energy system, the bill  
27 reduction outcomes of the program for the participants, the cost  
28 of the program, the total electrical system benefits, the  
29 environmental benefits, the progress made toward reaching the  
30 goals of the program, the program's impact on the CARE program  
31 budget, and the recommendations for improving the program to  
32 meet its goals. The report shall include an analysis of pending  
33 program commitments, reservations, obligations, and projected  
34 demands for the program to determine whether future ongoing  
35 funding allocations for the program are substantiated. The report  
36 shall also include a summary of the other programs intended to  
37 benefit disadvantaged communities, including, but not limited to,  
38 the Single-Family Affordable Solar Homes Program, the  
39 Multifamily Affordable Solar Housing Program, and the Green

1 Tariff Shared Renewables Program (Chapter 7.6 (commencing  
2 with Section 2831) of Part 2).

3 ~~SEC. 31. Section 913.9 of the Public Utilities Code is repealed.~~

4 ~~SEC. 32. Section 913.9 is added to the Public Utilities Code,~~  
5 ~~to read:~~

6 ~~913.9. (a) The commission shall require each participating~~  
7 ~~electrical corporation to prepare and submit to the commission,~~  
8 ~~by 60 days following the conclusion of all research and~~  
9 ~~development projects, a joint report summarizing the outcome of~~  
10 ~~all funded projects, including an accounting of expenditures by~~  
11 ~~the project managers and grant recipients on administrative and~~  
12 ~~overhead costs and whether the project resulted in any~~  
13 ~~technological advancements or breakthroughs in promoting cyber~~  
14 ~~security and grid integration. The commission shall, within 30~~  
15 ~~days of receiving the joint report, determine whether the report is~~  
16 ~~sufficient or requires revision and, upon determining that the report~~  
17 ~~is sufficient, submit the report to the Legislature.~~

18 ~~(b) This section shall remain in effect only until January 1, 2023,~~  
19 ~~and as of that date is repealed, unless a later enacted statute, that~~  
20 ~~is enacted before January 1, 2023, deletes or extends that date.~~

21 ~~SEC. 33.~~

22 ~~SEC. 29. Section 913.10 of the Public Utilities Code is amended~~  
23 ~~and renumbered to read:~~

24 ~~913.6. (a) On or before February 1, 2010, and biennially~~  
25 ~~thereafter, the commission, in consultation with the Independent~~  
26 ~~System Operator and the Energy Commission, shall study and~~  
27 ~~submit a report to the Legislature and the Governor on the impacts~~  
28 ~~of distributed energy generation on the state's distribution and~~  
29 ~~transmission grid. The study shall evaluate all of the following:~~

30 ~~(1) Reliability and transmission issues related to connecting~~  
31 ~~distributed energy generation to the local distribution networks~~  
32 ~~and regional grid.~~

33 ~~(2) Issues related to grid reliability and operation, including~~  
34 ~~interconnection, and the position of federal and state regulators~~  
35 ~~toward distributed energy accessibility.~~

36 ~~(3) The effect on overall grid operation of various distributed~~  
37 ~~energy generation sources.~~

38 ~~(4) Barriers affecting the connection of distributed energy to~~  
39 ~~the state's grid.~~

1 (5) Emerging technologies related to distributed energy  
2 generation interconnection.

3 (6) Interconnection issues that may arise for the Independent  
4 System Operator and local distribution companies.

5 (7) The effect on peak demand for electricity.

6 (b) In addition, the commission shall specifically assess the  
7 impacts of the California Solar Initiative program, specified in  
8 Section 2851 and Section 25783 of the Public Resources Code,  
9 the self-generation incentive program authorized by Section 379.6,  
10 and the net energy metering program specified in Sections 2827  
11 and 2827.1.

12 ~~SEC. 34.~~

13 *SEC. 30.* Section 913.10 is added to the Public Utilities Code,  
14 to read:

15 913.10. By July 1, 2019, and every four years thereafter, the  
16 commission shall report to the Legislature on the progress toward  
17 achieving the targets established pursuant to subdivision (a) of  
18 Section 454.55. The commission shall include specific strategies  
19 for, and an update on, progress toward maximizing the contribution  
20 of electricity efficiency savings in disadvantaged communities  
21 identified pursuant to Section 39711 of the Health and Safety Code.

22 ~~SEC. 35.~~

23 *SEC. 31.* Section 913.11 of the Public Utilities Code is repealed.

24 ~~SEC. 36.~~

25 *SEC. 32.* Section 913.11 is added to the Public Utilities Code,  
26 to read:

27 913.11. By July 1, 2019, and every four years thereafter, the  
28 commission shall report to the Legislature on the progress toward  
29 achieving the targets established pursuant to subdivision (a) of  
30 Section 454.56. The commission shall include specific strategies  
31 for, and an update on, progress toward maximizing the contribution  
32 of energy efficiency savings in disadvantaged communities  
33 identified pursuant to Section 39711 of the Health and Safety Code.

34 ~~SEC. 37.~~

35 *SEC. 33.* Section 913.12 of the Public Utilities Code is amended  
36 and renumbered to read:

37 913.7. On or before June 30 of each year, the commission shall  
38 submit to the Legislature an assessment of the success of the  
39 California Solar Initiative program. That assessment shall include  
40 the number of residential and commercial sites that have installed

solar thermal devices for which an award was made pursuant to subdivision (b) of Section 2851 and the dollar value of the award, the number of residential and commercial sites that have installed solar energy systems, the electrical generating capacity of the installed solar energy systems, the cost of the program, total electrical system benefits, including the effect on electrical service rates, environmental benefits, how the program affects the operation and reliability of the electrical grid, how the program has affected peak demand for electricity, the progress made toward reaching the goals of the program, whether the program is on schedule to meet the program goals, and recommendations for improving the program to meet its goals. If the commission allocates additional moneys to research, development, and demonstration that explores solar technologies and other distributed generation technologies pursuant to paragraph (1) of subdivision (c) of Section 2851, the commission shall include in the assessment submitted to the Legislature, a description of the program, a summary of each award made or project funded pursuant to the program, including the intended purposes to be achieved by the particular award or project, and the results of each award or project.

*SEC. 34. Section 913.12 is added to the Public Utilities Code, to read:*

*913.12. (a) The commission shall require each participating electrical corporation to prepare and submit to the commission, by 60 days following the conclusion of all research and development projects, a joint report summarizing the outcome of all funded projects, including an accounting of expenditures by the project managers and grant recipients on administrative and overhead costs and whether the project resulted in any technological advancements or breakthroughs in promoting cyber security and grid integration. The commission shall, within 30 days of receiving the joint report, determine whether the report is sufficient or requires revision and, upon determining that the report is sufficient, submit the report to the Legislature.*

*(b) This section shall remain in effect only until January 1, 2023, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2023, deletes or extends that date.*

~~SEC. 38.~~

*SEC. 35. Section 913.13 of the Public Utilities Code is repealed.*

1     ~~SEC. 39.~~

2     *SEC. 36.* Section 914.3 of the Public Utilities Code is amended  
3 to read:

4     914.3. By December 31 of each year, the commission shall  
5 submit to the Governor and the Legislature a report that includes,  
6 based on yearend data, on an aggregated basis, the information  
7 submitted by holders pursuant to subdivision (b) of Section 5960.  
8 All information reported by the commission pursuant to this section  
9 shall be disclosed to the public only as provided for pursuant to  
10 Section 583. No individually identifiable customer or subscriber  
11 information shall be subject to public disclosure.

12     ~~SEC. 40.~~

13     *SEC. 37.* Section 918.1 of the Public Utilities Code is amended  
14 to read:

15     918.1. (a) The commission shall hire an independent entity  
16 for not more than two hundred fifty thousand dollars (\$250,000)  
17 to, in consultation with carrier trade associations for industries  
18 under the jurisdiction of the commission, assess the capabilities  
19 of the commission's Transportation Enforcement Branch to carry  
20 out the activities specified in subdivision (b) of Section 5102 and  
21 subdivision (b) of Section 5352. The commission shall report to  
22 the Legislature no later than February 1, 2017, on licensing matters  
23 and no later than July 1, 2017, on enforcement matters. The report  
24 shall contain an analysis of current capabilities and deficiencies,  
25 and recommendations to overcome any deficiencies identified.

26     (b) Pursuant to Section 10231.5 of the Government Code, this  
27 section shall remain in effect only until January 1, 2021, and as of  
28 that date is repealed, unless a later enacted statute, that is enacted  
29 before January 1, 2021, deletes or extends that date.

30     ~~SEC. 41.~~

31     *SEC. 38.* Section 918.2 of the Public Utilities Code is repealed.

32     ~~SEC. 42.~~

33     *SEC. 39.* Section 956 of the Public Utilities Code is amended  
34 to read:

35     956. (a) On or before July 1, 2012, the commission shall open  
36 an appropriate proceeding or expand the scope of an existing  
37 proceeding to establish compatible emergency response standards  
38 that owners or operators of commission-regulated gas pipeline  
39 facilities shall be required to follow for intrastate transmission and  
40 distribution lines. The commission shall establish the standards to

1 ensure that intrastate transmission and distribution lines have  
2 emergency response plans that adequately prepare them for a  
3 natural disaster or malfunction that could cause injury to human  
4 life or property, with the purpose of minimizing the occurrence of  
5 both.

6 (b) The commission shall establish the compatible emergency  
7 response standards in consultation with the California Emergency  
8 Management Agency, the State Fire Marshal, and members of  
9 California's first responder community including, but not limited  
10 to, members of the California Fire Chiefs Association.

11 (c) The compatible emergency response standards shall require  
12 owners or operators of intrastate transmission and distribution lines  
13 to implement emergency response plans that are compatible with  
14 the United States Department of Transportation, Pipeline and  
15 Hazardous Materials Safety Administration's regulations  
16 concerning emergency plans contained in Section 192.615 of Title  
17 49 of the Code of Federal Regulations, and those plans shall  
18 include, but not be limited to, all of the following requirements:

19 (1) Emergency shutdown and pressure reduction shall be utilized  
20 whenever deemed necessary and appropriate by the owners or  
21 operators to minimize hazards to life or property. An owner or  
22 operator shall notify appropriate first responders of emergency  
23 shutdown and pressure reduction.

24 (2) During an emergency response effort, the incident  
25 commander may direct coordination between first responders and  
26 owners or operators to ensure timely and ongoing communication  
27 on decisions for emergency shutdown and pressure reduction.

28 (3) Owners or operators of intrastate transmission and  
29 distribution lines shall establish and maintain liaison with  
30 appropriate fire, police, and other public officials to do all of the  
31 following:

32 (A) Learn the responsibility and resources of each government  
33 organization that may respond to a gas pipeline emergency,  
34 including, but not limited to, the role of the incident commander  
35 in an emergency.

36 (B) Acquaint the officials with the owner's or operator's ability  
37 in responding to a gas pipeline emergency.

38 (C) Identify the types of gas pipeline emergencies of which the  
39 owner or operator notifies the officials.

1 (D) Plan how the owner or operator and officials can engage in  
2 mutual assistance to minimize hazards to life or property.

3 (E) Identify and update information on individual personnel  
4 responsible for the liaison with the appropriate first responder  
5 organizations.

6 (4) Owners and operators of intrastate transmission lines shall  
7 provide the State Fire Marshal and the chief fire official of the  
8 applicable city, county, city and county, or fire protection district  
9 with instructions on how to access and utilize the National Pipeline  
10 Mapping System developed by the United States Department of  
11 Transportation, Pipeline and Hazardous Materials Safety  
12 Administration, utilizing data submitted pursuant to Section 60132  
13 of Title 49 of the United States Code, to improve local response  
14 capabilities for pipeline emergencies.

15 ~~SEC. 43.~~

16 *SEC. 40.* Section 958.5 of the Public Utilities Code is amended  
17 to read:

18 958.5. (a) Twice a year, or as determined by the commission,  
19 each gas corporation shall file with the division of the commission  
20 responsible for utility safety a gas transmission and storage safety  
21 report. The division of the commission responsible for utility safety  
22 shall review the reports to monitor each gas corporation's storage  
23 and pipeline-related activities to assess whether the projects that  
24 have been identified as high risk are being carried out, and to track  
25 whether the gas corporation is spending its allocated funds on these  
26 storage and pipeline-related safety, reliability, and integrity  
27 activities for which they have received approval from the  
28 commission.

29 (b) The gas transmission and storage safety report shall include  
30 a thorough description and explanation of the strategic planning  
31 and decisionmaking approach used to determine and rank the gas  
32 storage projects, intrastate transmission line safety, integrity, and  
33 reliability, operation and maintenance activities, and inspections  
34 of its intrastate transmission lines. If there has been no change in  
35 the gas corporation's approach for determining and ranking which  
36 projects and activities are prioritized since the previous gas  
37 transmission and storage safety report, the subsequent report may  
38 reference the immediately preceding report.

39 (c) If the division of the commission responsible for utility safety  
40 determines that there is a deficiency in a gas corporation's

1 prioritization or administration of the storage or pipeline capital  
2 projects or operation and maintenance activities, the division shall  
3 bring the problems to the commission's immediate attention.

4 ~~SEC. 44.~~

5 *SEC. 41.* Section 1046 of the Public Utilities Code is amended  
6 to read:

7 1046. (a) For purposes of this section, the following terms  
8 have the following meanings:

9 (1) "Bus" means a vehicle designed, used, or maintained for  
10 carrying more than 10 persons, including the driver, which is used  
11 to transport persons for compensation or profit.

12 (2) "Limousine" means any sedan or sport utility vehicle, of  
13 either standard or extended length, with a seating capacity of not  
14 more than 10 passengers including the driver, used in the  
15 transportation of passengers for hire on a prearranged basis within  
16 this state, and includes a modified limousine as defined in  
17 subdivision (d) of Section 1042.

18 (3) "Peace officer" means a person who is designated as a peace  
19 officer pursuant to Chapter 4.5 (commencing with Section 830)  
20 of Title 3 of Part 2 of the Penal Code.

21 (b) A peace officer may, with respect to a passenger stage  
22 corporation, enforce and assist in the enforcement of Sections 2110  
23 and 2112, resulting from a violation of Section 1031, 1041, or  
24 1045, or more than one of those sections. A peace officer may  
25 additionally enforce and assist in the enforcement of Sections  
26 1034.5 and 2119. In any case in which an arrest authorized by this  
27 subdivision is made for an offense declared to be a misdemeanor,  
28 and the person arrested does not demand to be taken before a  
29 magistrate, the arresting peace officer may, instead of taking such  
30 person before a magistrate, follow the procedure prescribed by  
31 Chapter 5C (commencing with Section 853.5) of Title 3 of Part 2  
32 of the Penal Code. The provisions of that chapter shall thereafter  
33 apply with reference to any proceeding based upon the issuance  
34 of a citation pursuant to this authority.

35 (c) A peace officer may impound a bus or limousine operated  
36 by a passenger stage corporation pursuant to Section 14602.9 of  
37 the Vehicle Code if the peace officer determines that any of the  
38 following violations occurred while the driver was operating the  
39 vehicle:

(1) The driver was operating the bus or limousine when the passenger stage corporation did not have a certificate of public convenience and necessity issued by the commission as required pursuant to this article.

(2) The driver was operating the bus or limousine when the operating rights or certificate of public convenience and necessity of a passenger stage corporation was suspended, canceled, or revoked pursuant to Section 1033.5, 1033.7, or 1045.

(3) The driver was operating the bus or limousine without having a current and valid driver's license of the proper class.

(d) The commission shall coordinate enforcement of this section with those peace officers likely to be involved in enforcing this section, including undertaking both of the following:

(1) Educational outreach to promote awareness among those peace officers about the requirements of Sections 1031, 1034.5, 1041, 1045, 2110, 2112, and 2119.

(2) Establishing lines of communication so that the commission is notified if an action is commenced to enforce the requirements of those sections specified in subdivision (b), so that the commission may take appropriate action to enforce the fine and penalty provisions of Chapter 11 (commencing with Section 2100).

(e) The Legislature finds and declares that this section is intended to facilitate and enhance the commission's performance of its functions pursuant to Section 2101 and not diminish the commission's authority or responsibility pursuant to that section.

(f) This section does not authorize the impoundment of privately owned personal vehicles that are not common carriers nor the impoundment of vehicles used in transportation for compensation by charter-party carriers of passengers that are not required to carry individual permits.

~~SEC. 45.~~

*SEC. 42.* Section 2714.5 of the Public Utilities Code is repealed.

~~SEC. 46.~~

*SEC. 43.* Section 2827.3 of the Public Utilities Code is repealed.

~~SEC. 47.~~

*SEC. 44.* Section 2845 of the Public Utilities Code is repealed.

~~SEC. 48.~~

*SEC. 45.* Section 2867.1 of the Public Utilities Code is repealed.

~~SEC. 49.~~

*SEC. 46.* Section 2870 of the Public Utilities Code is amended to read:

2870. (a) As used in this section, the following terms have the following meanings:

(1) “CARE program” means the California Alternate Rates for Energy program established pursuant to Section 739.1.

(2) “Program” means the Multifamily Affordable Housing Solar Roofs Program established pursuant to this chapter.

(3) “Qualified multifamily affordable housing property” means a multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, as defined in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 2852, and that meets one or more of the following requirements:

(A) The property is located in a disadvantaged community, as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code.

(B) At least 80 percent of the households have incomes at or below 60 percent of the area median income, as defined in subdivision (f) of Section 50052.5 of the Health and Safety Code.

(4) “Solar energy system” means a solar energy photovoltaic device that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.

(b) (1) Adoption and implementation of the Multifamily Affordable Housing Solar Roofs Program may count toward the satisfaction of the commission’s obligation to ensure that specific alternatives designed for growth among residential customers in disadvantaged communities are offered as part of the standard contract or tariff authorized pursuant to paragraph (1) of subdivision (b) of Section 2827.1.

(2) Nothing in this section shall preclude electrical corporations from offering and administering a distributed energy resource program, including solar energy systems, in disadvantaged communities offered under current or proposed programs using funds provided under subdivision (c) of Section 748.5 or programs proposed to comply with paragraph (1) of subdivision (b) as approved by the commission.

(c) The commission shall annually authorize the allocation of one hundred million dollars (\$100,000,000) or 10 percent of

1 available funds, whichever is less, from the revenues described in  
2 subdivision (c) of Section 748.5 for the Multifamily Affordable  
3 Housing Solar Roofs Program, beginning with the fiscal year  
4 commencing July 1, 2016, and ending with the fiscal year ending  
5 June 30, 2020. The commission shall continue authorizing the  
6 allocation of these funds through June 30, 2026, if the commission  
7 determines that revenues are available after 2020 and that there is  
8 adequate interest and participation in the program.

9 (d) The commission shall consider the most appropriate program  
10 administration structure, including administration by a qualified  
11 third-party administrator, selected by the commission through a  
12 competitive bidding process, or administration by an electrical  
13 corporation, in an existing or future proceeding.

14 (e) Not more than 10 percent of the funds allocated to the  
15 program shall be used for administration.

16 (f) (1) By June 30, 2017, the commission shall authorize the  
17 award of monetary incentives for qualifying solar energy systems  
18 that are installed on qualified multifamily affordable housing  
19 properties through December 31, 2030. The target of the program  
20 is to install a combined generating capacity of at least 300  
21 megawatts on qualified properties.

22 (2) The commission shall require that the electricity generated  
23 by qualifying renewable energy systems installed pursuant to the  
24 program be primarily used to offset electricity usage by low-income  
25 tenants. These requirements may include required covenants and  
26 restrictions in deeds.

27 (3) The commission shall require that qualifying solar energy  
28 systems owned by third-party owners are subject to contractual  
29 restrictions to ensure that no additional costs for the system be  
30 passed on to low-income tenants at the properties receiving  
31 incentives pursuant to the program. The commission shall require  
32 third-party owners of solar energy systems to provide ongoing  
33 operations and maintenance of the system, monitor energy  
34 production, and, where necessary, take appropriate action to ensure  
35 that the kWh production levels projected for the system are  
36 achieved throughout the period of the third-party agreement. Such  
37 actions may include, but are not limited to, providing a performance  
38 guarantee of annual production levels or taking corrective actions  
39 to resolve underproduction problems.

1 (4) The commission shall ensure that incentive levels for  
2 photovoltaic installations receiving incentives through the program  
3 are aligned with the installation costs for solar energy systems in  
4 affordable housing markets and take account of federal investment  
5 tax credits and contributions from other sources to the extent  
6 feasible.

7 (5) The commission shall require that no individual installation  
8 receive incentives at a rate greater than 100 percent of the total  
9 system installation costs.

10 (6) The commission shall establish local hiring requirements  
11 for the program to provide economic development benefits to  
12 disadvantaged communities.

13 (7) The commission shall establish energy efficiency  
14 requirements that are equal to the energy efficiency requirements  
15 established for the program described in Section 2852, including  
16 participation in a federal, state, or utility-funded energy efficiency  
17 program or documentation of a recent energy efficiency retrofit.

18 (g) (1) Low-income tenants who participate in the program  
19 shall receive credits on utility bills from the program. The  
20 commission shall ensure that utility bill reductions are achieved  
21 through tariffs that allow for the allocation of credits, such as  
22 virtual net metering tariffs designed for Multifamily Affordable  
23 Solar Housing Program participants, or other tariffs that may be  
24 adopted by the commission pursuant to Section 2827.1.

25 (2) The commission shall ensure that electrical corporation tariff  
26 structures affecting the low-income tenants participating in the  
27 program continue to provide a direct economic benefit from the  
28 qualifying solar energy system.

29 (h) Nothing in this chapter is intended to supplant CARE  
30 program rates as the primary mechanism for achieving the goals  
31 of the CARE program.

32 (i) The commission shall determine the eligibility of qualified  
33 multifamily affordable housing property tenants that are customers  
34 of community choice aggregators.

35 (j) (1) Every three years, the commission shall evaluate the  
36 program's expenditures, commitments, uncommitted balances,  
37 future demands, performance, and outcomes and shall make any  
38 necessary adjustments to the program to ensure the goals of the  
39 program are being met. If, upon review, the commission finds  
40 there is insufficient participation in the program, the commission

1 may credit uncommitted funds back to ratepayers pursuant to  
2 Section 748.5.

3 (2) As part of the annual workplan required pursuant to Section  
4 910, the commission shall provide an annual update of the  
5 Multifamily Affordable Housing Solar Roofs Program that shall  
6 include, but not be limited to, the number of projects approved,  
7 number of projects completed, number of pending projects awaiting  
8 approval, and geographic distribution of the projects.

9 ~~SEC. 50.~~

10 *SEC. 47.* Section 2872.5 of the Public Utilities Code is amended  
11 to read:

12 2872.5. The commission, in consultation with the Office of  
13 Emergency Services, shall open an investigative proceeding to  
14 determine whether standardized notification systems and protocol  
15 should be utilized by entities that are authorized to use automatic  
16 dialing-announcing devices pursuant to subdivision (e) of Section  
17 2872, to facilitate notification of affected members of the public  
18 of local emergencies. The commission shall not establish standards  
19 for notification systems or standard notification protocol unless it  
20 determines that the benefits of the standards exceed the costs.

21 ~~SEC. 51.~~

22 *SEC. 48.* Section 2892.1 of the Public Utilities Code is amended  
23 to read:

24 2892.1. (a) For purposes of this section, “telecommunications  
25 service” means voice communication provided by a telephone  
26 corporation as defined in Section 234, voice communication  
27 provided by a provider of satellite telephone services, voice  
28 communication provided by a provider of mobile telephony service,  
29 as defined in Section 2890.2, and voice communication provided  
30 by a commercially available facilities-based provider of voice  
31 communication services utilizing Voice over Internet Protocol or  
32 any successor protocol.

33 (b) The commission, in consultation with the Office of  
34 Emergency Services, shall open an investigative or other  
35 appropriate proceeding to identify the need for telecommunications  
36 service systems not on the customer’s premises to have backup  
37 electricity to enable telecommunications networks to function and  
38 to enable the customer to contact a public safety answering point  
39 operator during an electrical outage, to determine performance  
40 criteria for backup systems, and to determine whether the best

1 practices recommended by the Network Reliability and  
2 Interoperability Council in December 2005, for backup systems  
3 have been implemented by telecommunications service providers  
4 operating in California. If the commission determines it is in the  
5 public interest, the commission shall, consistent with subdivisions  
6 (c) and (d), develop and implement performance reliability  
7 standards.

8 (c) The commission, in developing any standards pursuant to  
9 the proceeding required by subdivision (b), shall consider current  
10 best practices and technical feasibility for establishing battery  
11 backup requirements.

12 (d) The commission shall not implement standards pursuant to  
13 the proceeding required by subdivision (b) unless it determines  
14 that the benefits of the standards exceed the costs.

15 (e) The commission shall determine the feasibility of the use of  
16 zero greenhouse gas emission fuel cell systems to replace diesel  
17 backup power systems.

18 ~~SEC. 52.~~

19 *SEC. 49.* Section 3346 of the Public Utilities Code is repealed.

20 ~~SEC. 53.~~

21 *SEC. 50.* Section 3368 of the Public Utilities Code is repealed.

22 ~~SEC. 54.~~

23 *SEC. 51.* Section 5371.4 of the Public Utilities Code is amended  
24 to read:

25 5371.4. (a) The governing body of any city, county, or city  
26 and county may not impose a fee on charter-party carriers operating  
27 limousines. However, the governing body of any city, county, or  
28 city and county may impose a business license fee on, and may  
29 adopt and enforce any reasonable rules and regulations pertaining  
30 to operations within its boundaries for, any charter-party carrier  
31 domiciled or maintaining a business office within that city, county,  
32 or city and county.

33 (b) The governing body of any airport may not impose vehicle  
34 safety, vehicle licensing, or insurance requirements on charter-party  
35 carriers operating limousines that are more burdensome than those  
36 imposed by the commission. However, the governing board of any  
37 airport may require a charter-party carrier operating limousines to  
38 obtain an airport permit for operating authority at the airport.

39 (c) Notwithstanding subdivisions (a) and (b), the governing  
40 body of any airport may adopt and enforce reasonable and

1 nondiscriminatory local airport rules, regulations, and ordinances  
2 pertaining to access, use of streets and roads, parking, traffic  
3 control, passenger transfers, trip fees, and occupancy, and the use  
4 of buildings and facilities, that are applicable to charter-party  
5 carriers operating limousines on airport property.

6 (d) This section does not apply to any agreement entered into  
7 pursuant to Sections 21690.5 to 21690.9, inclusive, between the  
8 governing body of an airport and charter-party carriers operating  
9 limousines.

10 (e) The governing body of any airport shall not impose a fee  
11 based on gross receipts of charter-party carriers operating  
12 limousines.

13 (f) Notwithstanding subdivisions (a) to (e), inclusive, nothing  
14 in this section prohibits a city, county, city and county, or the  
15 governing body of any airport, from adopting and enforcing  
16 reasonable permit requirements, fees, rules, and regulations  
17 applicable to charter-party carriers of passengers other than those  
18 operating limousines.

19 (g) Notwithstanding subdivisions (a) to (e), inclusive, a city,  
20 county, or city and county may impose reasonable rules for the  
21 inspection of waybills of charter-party carriers of passengers  
22 operating within the jurisdiction of the city, county, or city and  
23 county, for purposes of verifying valid prearranged travel.

24 (h) For the purposes of this section, “limousine” includes any  
25 sedan or sport utility vehicle, of either standard or extended length,  
26 with a seating capacity of not more than 10 passengers including  
27 the driver, used in the transportation of passengers for hire on a  
28 prearranged basis within this state.

29 ~~SEC. 55.~~

30 *SEC. 52.* Section 5381.5 of the Public Utilities Code is amended  
31 to read:

32 5381.5. (a) The commission shall, by rule or other appropriate  
33 procedure, ensure that every charter-party carrier of passengers  
34 operates on a prearranged basis within the state, consistent with  
35 Section 5360.5. The commission shall require every charter-party  
36 carrier of passengers to include on a waybill or trip report at least  
37 all of the following:

38 (1) The name of at least one passenger in the traveling party,  
39 or identifying information of the traveling party’s affiliation, along

1 with the point of origin and destination of the passenger or traveling  
2 party.

3 (2) Information as to whether the transportation was arranged  
4 by telephone, written contract, or electronic communication.

5 (b) A waybill or trip report may be kept in electronic or hardcopy  
6 format. When requested by any commission or airport enforcement  
7 officer or any official of a city, county, or city and county  
8 authorized to inspect a waybill or trip report pursuant to subdivision  
9 (g) of Section 5371.4, the waybill or trip report may be provided  
10 in either electronic or hardcopy format.

11 (c) A charter-party carrier of passengers shall produce in its  
12 office a hardcopy of any waybill or trip report when requested by  
13 the commission or one of its authorized representatives pursuant  
14 to Section 5389.

15 ~~SEC. 56.~~

16 *SEC. 53.* Section 5436 of the Public Utilities Code is amended  
17 and renumbered to read:

18 918.2. The commission and the Department of Insurance shall  
19 collaborate on a study of transportation network company insurance  
20 to assess whether coverage requirements are appropriate to the  
21 risk of transportation network company services in order to  
22 promote data-driven decisions on insurance requirements, and  
23 shall report the findings of this study to the Legislature no later  
24 than December 31, 2017.

25 ~~SEC. 57.~~

26 *SEC. 54.* Section 7661 of the Public Utilities Code is amended  
27 to read:

28 7661. (a) The commission shall require every railroad  
29 corporation operating in this state to develop, within 90 days of  
30 the effective date of the act adding this section, in consultation  
31 with, and with the approval of, the Office of Emergency Services,  
32 a protocol for rapid communications with the Office of Emergency  
33 Services, the Department of the California Highway Patrol, and  
34 designated county public safety agencies in an endangered area if  
35 there is a runaway train or any other uncontrolled train movement  
36 that threatens public health and safety.

37 (b) A railroad corporation shall promptly notify the Office of  
38 Emergency Services, the Department of the California Highway  
39 Patrol, and designated county public safety agencies, through a  
40 communication to the Warning Center of the Office of Emergency

1 Services, if there is a runaway train or any other uncontrolled train  
2 movement that threatens public health and safety, in accordance  
3 with the railroad corporation's communications protocol developed  
4 pursuant to subdivision (a).

5 (c) The notification required pursuant to subdivision (b) shall  
6 include the following information, whether or not an accident or  
7 spill occurs:

8 (1) The information required by subdivision (c) of Section 7673.

9 (2) In the event of a runaway train, a train list.

10 (3) In the event of an uncontrolled train movement or  
11 uncontrolled movement of railcars, a track list or other inventory  
12 document if available.

13 (d) The division of the commission responsible for railroad  
14 safety shall investigate any incident that results in a notification  
15 required pursuant to subdivision (b).